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UNITED STATES PATENT AND TRADEMARK OFFICE

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10/693,381	10/23/2003	Michael T. Rossides		1632

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EXAMINER
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on <u>23 October 2003</u>.

2a)☐ This action is **FINAL.**   2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) <u>1-11</u> is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) <u>1-11</u> is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☒ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All   b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____ .

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☐ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date _____ .

4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____ .

5)☐ Notice of Informal Patent Application

6)☐ Other: _____ .

DETAILED ACTION

1.   Claims 1-11 have been examined.

Priority and Specification

2.   Applicant's specification is objected to because it contains new material (Part II) that was not included in the PCT (PCT/US03/13011). In order to obtain benefit of the priority date, new material may not be added that was not already present in the PCT. Also, claims cannot be based on the new material. For purposes of this examination, no benefit is given to the PCT date, and the date October 23, 2003, the date of filing of the U.S. application (10/693,381), is used. In order to obtain benefit of a PCT date, all new material must be removed from the specification and/or claims.

Claim Objections

3.   Claims 1-11 are objected to because of the following informalities: each claim should begin with a capital letter; in claim 1, the method steps following the preamble should end with a semicolon (versus a comma that was used). Appropriate correction is required.

Claim Rejections - 35 USC § 101

4.   35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-11 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claim 1 recites displaying bets and results. By itself, a display would be considered disembodied descriptive material. There is no linkage of the display to a system capable of providing the displayed information, nor is their an indication the information is stored anywhere (MPEP 2106.01 I). Essentially, there is no "computer software and hardware components which permit the data structure's functionality to be realized." Claims 2-11 are rejected because they depend form independent claim 1.

Claim Rejections - 35 USC § 112

5.   The following is a quotation of the first paragraph of 35 U.S.C. 112:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

6.   Claims 1-11 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

7.   The claims describe use of a computer system, e.g. claim 1 "...computer enabling said bet offer..." but it is unclear this is disclosed in the specification. Further, the specification describes only briefly a computer network and system:

"The inventive method is implemented by and through an online computer

database system, which we will call the system or the medium. To make use of

the method, users interact with the system and with each other, through the

system, via terminals."

The examiner does not believe this by itself adequately describes a computer network

and system with functional software. For example, there is no software stored on a

memory device to make operational a betting system described by the applicant. Also,

it is not clear how access is provided to users (hard wired to a dedicated system or

using browsers on the Internet or other?). Further, it appears bets are settled by the

system, but for example, there is no description of a link to a bank or account where

settlement can be realized. Claims 2-11 are rejected because they depend from claim

1.

8.   The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly
> claiming the subject matter which the applicant regards as his invention.

9.   Claims 1-11 are rejected under 35 U.S.C. 112, second paragraph, as being

indefinite for failing to particularly point out and distinctly claim the subject matter which

applicant regards as the invention.

10.   Claim 1 uses the term "user" to refer to two different parties, a bettor and a

receiver of a bet (person making the bet offer). This is confusing because two different

parties are being described. For purposes of the examination, it is assumed that the

first user is the equivalent of someone making a bet offer and the second party is

equivalent of a bettor.

11.   Claims 4 and 5 provide a "class of users" which adds to the confusion of who is a user. For purposes of this examination, it is assumed that the "class of users" are authenticators.

12.   Claim 1 enters a bet, but there is no indication of what this means. For purposes of the examination, it is assumed to mean entering a bet into a computer network.

13.   Claim 1 has "said computer enabling said bet offer to be accepted by other users..." but it is not clear how this occurs (how does a computer enable a bet offer to be accepted?). For purposes of this examination, it is assumed "other users" log onto a computer system and are able to assess an interface of some type that permits them to accept bids.

14.   Claim 1 states "...to be accepted by other users..." is considered intended use and it is not clear what happens if the offer is not accepted. For purposes of the examination, it is assumed that nothing further happens and the person logs off the computer network.

15.   Claim 1 has "identifying whether a user, if any, accepting the offer is an insider or not..." but it is not clear how and who identifies whether the user is an insider or not (computer or user themselves?).

16.   Claim 7 states "...said bet statement is about whether said will go bankrupt" but it is unclear who said is. For purposes of the examination it is assumed to be a company.

17.   Claim 1 is rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between the steps. See MPEP § 2172.01. The omitted steps are: there is a step of entering a bet offer and

displaying a bet offer, but there is no storage of the bet from which the bet can be

displayed to other users.

18.   Claim 1 recites the limitation "the result" in the first step. There is insufficient

antecedent basis for this limitation in the claim. For purposes of the examination, it is

assumed to be "a result of the bet is determined..."

19.   Claim 1 recites "settling said bet..." where it is unclear what this means. For

example, are funds transferred to a user, and if so, from where?

20.   In addition to the above, claims 2-11 are rejected because they depend from

independent claim 1.

Claim Rejections - 35 USC § 103

21.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set
> forth in section 102 of this title, if the differences between the subject matter sought to be patented and
> the prior art are such that the subject matter as a whole would have been obvious at the time the
> invention was made to a person having ordinary skill in the art to which said subject matter pertains.
> Patentability shall not be negatived by the manner in which the invention was made.

22.   The factual inquiries set forth in *Graham* v. *John Deere Co.*, 383 U.S. 1, 148

USPQ 459 (1966), that are applied for establishing a background for determining

obviousness under 35 U.S.C. 103(a) are summarized as follows:

     1.   Determining the scope and contents of the prior art.
     2.   Ascertaining the differences between the prior art and the claims at issue.
     3.   Resolving the level of ordinary skill in the pertinent art.
     4.   Considering objective evidence present in the application indicating
               obviousness or nonobviousness.

23.   Claims 1-5 are rejected under 35 U.S.C. 103(a) as being unpatentable over U.S.

Patent No. 7,206,762 to Sireau in view of Schnytzer et al. (Adi Schnytzer and Yuval

Shilony, "Inside Information In A Betting Market," July 1995, The Economic Journal,

105, Oxford, UK, pp. 963-971).

Regarding claim 1:
a method for using an online computer database to facilitate financial disclosure about
companies comprising the steps of:

a user entering a bet offer about the financial condition of a company, said bet offer
including an amount of money at risk, the name of a company, a bet statement
containing the description of an objectively verifiable fact that will be known at some
future date, and terms that define how the result of the bet is determined by the
resolution of said fact,
> **Sireau discloses:**
> **"Advantageously, the parameters for calculating the odds may include one
> or more of the following: the relevant financial market(s); the amount that
> the user wishes to bet or the amount that the user wishes to win; and one
> or more barrier or target levels." (col. 2, lines 35-39)**
>
> **"The data derived therefrom may include current market prices, option
> quotes, interest rate levels, dividend yields (in the case of stocks or stock
> indices), or carrying costs (i.e., storage, delivery or insurance costs, in the
> case of commodities)." (col. 5, lines 62-66)**
>
> **Therefore, the user is able to: enter a bet about the financial condition of a
> company (e.g. dividend yield), which inherently names the company; the
> amount of money at risk (amount user wishes to bet); target levels (that
> indicate objectively verifiable facts); terms that define how the result of the
> bet is determined (amount the user wishes to win).**

said user entering whether he is an insider or not,
> **Fig. 1 provides user terminals for entering bets.**
>
> **(see below regarding insider)**

displaying the bet offer, including displaying whether the user making said offer is an
insider or not,
> **"Preferably, the central processing machine includes means to calculate a
> price at which to offer to purchase the previously placed bet from the user**

**and to display the price calculated by the central processing machine."
(col. 2, lines 46-49)**

(see below regarding insider)

said computer enabling said bet offer to be accepted by other users,
    Fig. 1 provides multiple user terminals for bet offers.

identifying whether a user, if any, accepting the offer is an insider or not,
    (see below regarding insider)

displaying the bet acceptance, if any, including displaying whether the user making the accepting offer is an insider or not,
    **"The method may further comprise the steps of displaying the calculated
    odds to the user and deducting or receiving payment from the user for
    placing the bet." (col. 2, lines 62-64). The bet is accepted by receiving
    payment from the user.**

    (see below regarding insider)

if said bet offer is accepted, settling said bet after said fact is resolved, displaying the result.
    **"If the user has won any of the bets, the central processing machine 1
    instructs the accounting system 11 to credit the user's account
    accordingly." (col. 9, lines 34-36)**

    **Sireau teaches a method and system of betting and offering bets with
    which to enter, calculate, and display a price at which to offer to bets (col.
    2, lines 46-49). Sireau does not teach where the users are insiders.
    Schnytzer et al., also in the business of betting and bookmaking teaches...
    "our results suggest that those bettors having access to inside
    information...fare better financially and, moreover, that positive inside
    information is a significant predictor of a race's outcome." (pg. 970, section
    III).
    The elements of betting methods and systems and inside information
    betting is known in Sireau and Schnytzer et al.. The only difference is
    combining insider betting with a betting system.
    Thus, it would have been obvious to one of ordinary skill in the art at the
    time of invention to provide insider betting information as taught by
    Schnytzer et al. with the betting system and method of Sireau with the
    predictable results of improved knowledge of the outcome.**

Regarding claim 2:
the method of claim 1, including the step of enabling a user who is an insider to enter his relationship to said company and displaying that relationship to other users.

> **While Sireau teaches a method and system of betting, he does not teach enabling an insider to enter his relationship to others.**
> **However, Schnytzer et al., also in the business of betting, teaches isolating data by inside information for different bets (pg. 963, last para.), and that this relationship is displayed to others (pg. 964, para. 4).**
> **Therefore, it would have been obvious to one skilled in the art a the time of invention, motivated by Schnytzer et al. to disclose whether the person was an insider for a particular bet, and that this information would be useful to others and would enhance a betting system.**

Regarding claim 3:
the method of claim 1, including the step of enabling a user who is an insider to enter and control whether his name is secret or public in the display of said user's bet offer.

> **While Sireau teaches a method and system of betting and users, he does not teach controlling the display of a user's name.**
> **However, Schnytzer et al., also in the business of betting, teaches employing agents to place bets by insiders (pg. 964, 3rd para.) when the bet size is large. Therefore, it would have been obvious to one skilled in the art a the time of invention to control whether his name is secret or public in the betting motivated by Schnytzer et al., and that such information enhances the usefulness of a betting system by providing other bettors important information regarding insider behavior.**

Regarding claim 4:
the method of claim 1, including a class of users that verifies whether users who enter bet offers are insiders, and including the step of enabling said class of users to enter verifications for display into said database system.

> **Sireau discloses:**
> **"Conveniently, the method may further comprise the steps of checking the parameters input by the user for logical inconsistencies therebetween and checking the opening times of the financial market." (col. 3, lines 14-17).**
> **Therefore, if a user is an insider as provided above, it would be inherent for the system to verify the identify of the user, including if the user is an insider.**

Regarding claim 5:
the method of claim 1, including a class of users that verifies whether users who enter bet offers are insiders, and verifies the relationship of insiders to their companies, and including the step of enabling said class of users to enter verifications for display into said database system.

> While Sireau teaches a method and system of betting and users, he does
> not teach verifying relationships of insiders to companies.
> However, Schnytzer et al., also in the business of betting, teaches "isolated
> populations" between insiders and outsiders related to specific bets (pg.
> 963, last para.).
> Therefore, it would have been obvious to one skilled in the art a the time of
> invention to verify relationship of insiders to a specific bet, motivated by
> Schnytzer et al., and that such information assures other users that the
> information is valid and links the information to a specific bet, such as for a
> particular company.

24.   Claims 6-9 are rejected under 35 U.S.C. 103(a) as being unpatentable over the

references a combined in section (23) above in further view of Meulbroek (Lisa K.

Meulbroek, "An Empirical Analysis of Illegal Insider Trading," Dec. 1998, The Journal of

Finance, Vol. XLVII, No. 5, pg. 1680.

Regarding claims 6-9:
(claim 6) the method of claim 1 in which said bet statement is about said company's
earnings.
(claim 7) the method of claim 1 in which said bet statement is about whether said will go
bankrupt.
(claim 8) the method of claim 1 in which said bet statement is about whether said
company will default on a loan.
(claim 9) the method of claim 1 in which said bet statement is about said company's
management's public estimates of financial performance.

> While the references as combined above in section (23) teach a method
> and system of betting by insiders, they do not teach betting on specific
> outcomes such as earnings or bankruptcies.
> However, Meulbroek, also in the business of betting by insiders, teaches
> different outcomes that can effect performance, such as earnings,
> bankruptcy and good or bad news (pg. 1680).
> Therefore, it would have been obvious to one skilled in the art a the time of
> invention to bet on various parameters, such as earnings or bankruptcy,
> motivated by Meulbroek, and that such parameters are important
> determinants in a companies performance and would be useful to
> speculate on. Inherent in bankruptcy would be default of a loan.

25.   Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over the

references as combined above in section (23) and in further view of Pub. No. US

2003/0078829 to Chen et al..

Regarding claim 10:
the method of claim 1, including the steps of enabling a user who is an insider to enter
his yearly compensation and net worth into a user profile, and using said compensation
data to display how the amount he risks in said bet offer compares to his compensation.
    **While the references as combined above in section (23) teach a method
    and system of betting by insiders, they do not teach proving a user profile.
    Chen, et al., also in the business of betting, teaches:**
        **"In one exemplary implementation, participants enter their input into
        the processor which performs extractions of their characteristics
        and aggregation of their predictions with adjustments for their
        characteristics." ¶ [0028]**

    **Therefore, it would have been obvious to one skilled in the art a the time of
    invention to provide a user profile, motivated by Chen et al., and that such
    profiles are important in giving weight to an insider's position.**

26.   Claim 11 is rejected under 35 U.S.C. 103(a) as being unpatentable over the

references as combined in section (23) above in further view of Official Notice.

Regarding claim 11:
the method of claim 1, including the steps of charging users who are not insiders to view
bet offers by insiders, and paying insiders when their bet offers are viewed by users
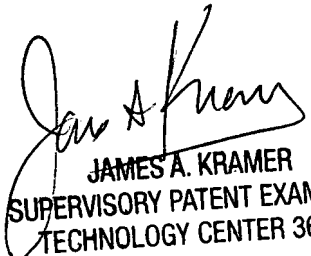who are not insiders.
    **While the references as combined above in section (23) disclose betting
    and insider trading, they do not teach charging users to pay for insider
    information. However, the Examiner takes Official Notice that charging for
    information is old and well known. Therefore, it would have been obvious
    to one skilled in the art at the time of invention to charge a user fee for
    insider information, and that doing so would be a means to fund a betting
    service.**

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Kenneth L. Bartley whose telephone number is (571) 272-5230. The examiner can normally be reached on Monday through Friday, 8:00 - 5:00 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jagdish Patel can be reached on (571) 272-6748. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

11.8.07

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